

## LNF & IHCIF Calculations Illustration

### - ALABAMA-COUSHATTA in Nashville area -

#### Given Data

- 810 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 84.9% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 95.9% = Nashville area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$2,277 per person for purchased services =  $90\% * 84.9\% * \$2,980$
- \$404 per person for in-house services =  $10\% * 135.7\% * \$2,980$
- \$2,681 per person total =  $\$2,277$  (purchase) +  $\$404$  (in-house)
- **\$2,572 per person total** adjusted for health status =  $\$2,681 * 95.9\%$
- **\$1,827 per person net cost** =  $\$2,572 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 810 users excluding wrap-around and collections)

- \$1,570 per person = local IHS allowance (excludes \$ for wrap-around)
- \$155 per person = expenditures elsewhere in Nashville area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,779 per person for OU users** =  $\$1,570 + \$155 + \$54$

#### LNF Calculation

- **69.2% Gross LNF** =  $\$1,779$  (expenditures) /  $\$2,572$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **97.4% Net LNF** =  $\$1,779 / \$1,827$  net cost ( $\$2,572 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 97.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### ALABAMA-COUSHATTA Unmet Needs

- **\$1,479,804 Net Total Need** =  $810$  users \*  $\$1,827$  net cost
- **\$38,979 Net Unmet Need** =  $(100\% - 97.4\% \text{ LNF}) * 810$  users \*  $\$1,827$  net cost